REMARKS/ARGUMENTS

Claims 1-23 and 32 are currently pending in the instant application. Claims 24 through 31 were canceled by preliminary amendment prior to substantive examination. Claims 1-23 and 32 are rejected under 35 U.S.C. §103(a). Applicant respectfully traverses the rejections in their entirety. Applicant thanks the Examiner for withdrawing the objection to the definitions in the specification, the objection to the drawings, and the objection to Claim 32 under 35 U.S.C. §112.

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Specification Objections

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Applicant has amended the Abstract to meet the requirements under MPEP §608.01(b).

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Claim Rejections – 35 U.S.C. §103

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Claim 1 is rejected under 35 U.S.C. §103(a) as being unpatentable over Walker, further in view of Corder. Applicant respectfully traverses the rejection for at least the reasons set forth below. Walker describes an identity verification secure transaction system wherein a host compares a locally generated transaction code with a user transaction input code determined by applying the user code to a security string. The user transaction input code in Walker is generated by an electronic device utilizing <u>computationally intensive cryptographic algorithms</u> that are by nature too complex to be implemented by a user during the course of a conventional transaction. By way of example, Walker indicates that encryption algorithms such as Triple-DES, IDEA, Blowfish, RC4, SEAL, and A5 should be implemented on and by the electronic device. By contrast, in the claimed invention the user transaction input code is generated <u>by the user</u>, utilizing relatively simplistic algorithms that still maintain cryptographic integrity. The encryption algorithms employed in Walker are too computationally intensive for typical users to use in generating a user transaction input code at the time of a transaction, and Walker clearly leads one of ordinary skill in the art away from the present invention as claimed. The Court of Appeals for the Federal Circuit has consistently held that it is "error to find obviousness where references 'diverge from and teach away from the invention at hand'." In re Fine, 5 U.S.P.Q. 2d 1596, 1599 (Fed. Cir. 1988). The fact that Walker specifically teaches away from the present invention as claimed renders that reference inapplicable to the pending claims. Applicant therefore respectfully requests that the Examiner withdraw the rejection of Claim 1.

Claim 15 is rejected under 35 U.S.C. §103(a) as being unpatentable over Walker, further in view of Corder. Applicant respectfully traverses the rejection for at least the reasons set forth below. Walker describes an identity verification secure transaction method wherein a host

compares a locally generated transaction code with a user transaction input code determined by applying the user code to a security string. The user transaction input code in Walker is generated by an electronic device utilizing <u>computationally intensive cryptographic algorithms</u> that are by nature too complex to be implemented by a user during the course of a conventional transaction. By way of example, Walker indicates that encryption algorithms such as Triple-DES, IDEA, Blowfish, RC4, SEAL, and A5 should be implemented on and by the electronic device. By contrast, in the claimed invention the user transaction input code is generated <u>by the user</u>, utilizing relatively simplistic algorithms that still maintain cryptographic integrity. The encryption algorithms employed in Walker are too computationally intensive for typical users to use in generating a user transaction input code at the time of a transaction, and Walker clearly leads one of ordinary skill in the art away from the present invention as claimed. The Court of Appeals for the Federal Circuit has consistently held that it is "error to find obviousness where references 'diverge from and teach away from the invention at hand'." <u>In re Fine</u>, 5 U.S.P.Q. 2d 1596, 1599 (Fed. Cir. 1988). The fact that Walker specifically leads away from the present invention as claimed renders that reference inapplicable to the pending claims. The applicant respectfully requests that the Examiner withdraw rejection of Claim 15.

Claims 2-14 and Claim 32 depend from Claim 1 and Claims 16-23 depend from Claim 15. The Court of Appeals for the Federal Circuit has consistently held that where a claim is dependent upon a valid independent claim, the independent claim is *a fortiori* valid because it contains all the limitations of the independent claim plus further limitations. <u>See</u>, <u>e.g.</u>, <u>Hartness Intern. Inc. v. Simplimatic Engineering Co.</u>, 819 F.2d 1100, 1108 (Fed. Cir. 1987). Applicant therefore asserts that Claims 2-14 and 16-23 are patentable for at least the reasons set forth above with respect to the claims from which they depend, and respectfully requests that the Examiner withdraw the rejection of these dependent claims.

C O N C L U S I O N

Having responded to all objections and rejections set forth in the outstanding Office Action, it is submitted that the currently pending claims are in condition for allowance and Notice to that effect is respectfully solicited. Additional distinctions may exist between the invention as recited in the pending claims and the references cited by the Examiner, and Applicant respectfully reserves the right to assert these arguments in response to a future Office Action. In the event that the Examiner is of the opinion that a brief telephone or personal interview will facilitate allowance of one or more of the above claims, he is courteously requested to contact applicant's undersigned representative.

Respectfully submitted,

/ James E. Goepel /

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